

ABSTRACT (EXECUTIVE SUMMARY)

PETRONAS Dagangan Berhad (PDB) is one of the principal marketing arms for Petroliaam Nasional Berhad (PETRONAS). As the subsidiary of Malaysian national oil company (NOC), the company has not been excluded from the impact of prolonged backwardation of world oil price which started in the mid of quarter three (Q3) in 2014. The price slump has slashed the company's profit before tax from an average of RM220 mil per quarter to RM12 mil for Q4 in 2014 (PDB annual report, 2014), a 95 percent reduction on its profit before tax. Nonetheless, the profit decline has camouflaged the supplementary contributors. In the same year, it was reported that 14 percent of the margin was contributed from non-fuel business segments, namely, PETRONAS MESRA shops (known as Kedai MESRA) sales, rentals and royalties from their business partners. Such a percentage represents a remarkable growth of 10 percent and be further enhanced if MESRA shops are able to attract more customers including PETRONAS staff to patronize them. PETRONAS staff are offered to participate in staff plan that offers a number of promotions to employees when they make purchases at MESRA shops. A data review on business operation revealed that only 54 percent of total PETRONAS staff working in Malaysia registered for staff plan and only 60 percent of the staff has actively transacted at Kedai MESRA. Leveraging on total PETRONAS manpower working within Malaysia, this project is aimed to identify the factors and determinants that encourage and influence PETRONAS staff to buy more from PETRONAS Kedai MESRA. The project then proposes appropriate programs and initiatives to increase the non-fuel business revenue which will support fuel related business during oil price drop. As a preliminary assessment to achieve the objectives, 30 one-to-one survey interviews have been conducted with selected PETRONAS staff from different Operating Units (OPUs). The survey has indicated the following outcome:-

- i. Employee loyalty to PETRONAS retails is low amongst young executives.
- ii. Participation of PETRONAS staff in MESRA loyalty program is low.